



OFFICE OF THE
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SUBJECT: Technology Transfer Income

References: *See Enclosure 1.*

Purpose. This President's Policy Memorandum (PPM) provides guidance on technology transfer income received by or on behalf of the Uniformed Services University of the Health Sciences (USUHS) and establishes a Technology Transfer Income Oversight Committee (Technology Transfer IOC) in order to (1) ensure appropriate oversight over technology transfer income and (2) provide an effective mechanism for recommending allocation of this income to the President, USUHS, consistent with applicable regulations and the best interests of the USUHS.

Applicability. This PPM and the authority of the Technology Transfer IOC included herein extend to technology transfer income received directly by the USUHS and to technology transfer income received on behalf of the USUHS and/or USUHS Departments by the Henry M. Jackson Foundation for the Advancement of Military Medicine (HMJF) and other nonprofit entities involved in cooperative medical research enterprises with the USUHS.

Definitions. *See Enclosure 2.*

Policy. It is USUHS policy, subject to the fiscal constraints described in *Enclosure 3*, that:

1. Inventors' shares of technology transfer income shall be allocated from the gross amount of royalties or other payments received by the USUHS and/or its agent(s) for this purpose (e.g. HMJF) in accordance with applicable statutes and directives and shall be paid not later than one (1) year from the date on which income is received. Inventors who are otherwise due shares but whose whereabouts are unknown at the end of one (1) year following the date USUHS receives payment (i.e., certified mail returned from last known address) shall not be entitled to shares for that year. These shares, as well as the shares of inventors who decline to accept shares, shall be added to the amount available for distribution in accordance with applicable agreements and the provisions in the following paragraphs.
2. After allocation of inventors' shares, remaining technology transfer income shall be expended or obligated for USUHS requirements for which other resources available to the USUHS (appropriated funds, grants, gift funds, special project funds, endowment distributions) are unavailable or limited. Remaining technology transfer income must be expended or obligated in furtherance of one or more of the following general purposes, derived from the federal statute and DoD instruction which authorize USUHS to have a technology transfer program and not in any particular order:

- (a) Payment of expenses incidental to the administration and licensing of USUHS inventions and other intellectual property;
- (b) Other USUHS activities that increase licensing potential for Department of Defense (DoD) technology;
- (c) Scientific research (subject to review and approval by the Office of Research Administration) and development consistent with USUHS's mission and objectives;
- (d) Reward of scientific and technical contributions by USUHS employees;
- (e) Promotion of scientific exchange with other DoD activities; and/or
- (f) Education and training of USUHS employees consistent with the USUHS's mission and objectives.

3. Proposals for use of remaining technology transfer income shall be submitted through the Intellectual Property Advisor, Chair of the Technology Transfer IOC, Vice President for Resource Management and General Counsel to the President for review and approval. Proposals in furtherance of the following additional/specific purposes will be given priority, in order from (a) to (c):

- (a) Proposals for research/educational programs from departments, laboratories, and/or researchers whose contributions are responsible for specific technology transfer income, particularly when these contributions are identified in underlying Cooperative Research and Development Agreements (CRADAs) and other documents;
- (b) Research proposals from new faculty members; or
- (c) Proposals for innovative research, technology incubation, and educational programs.

4. The following guidelines shall be used in the allocation of technology transfer income:

- (a) Inventors' shares: The first \$2,000 times the number of USUHS inventors – plus equal shares of 20% of the remaining balance – not to exceed \$150K per year per inventor.
- (b) The starting point for allocation of remaining technology transfer income will be as follows:
 - (1) 50% to the inventor's laboratory for use in accordance with this policy;
 - (2) 15% to the inventor's department for use in accordance with this policy;
 - (3) 15% for innovative research and technology incubation; and
 - (4) 20% for technology transfer support.

Note: Allocations for (2), (3), and (4) above are subject to discretionary adjustment by the President, USUHS, based on present and projected needs within the inventor's department and for innovative research, technology incubation, and/or technology transfer support. Technology transfer income in excess of needs for (1), (2), and (4) above will ordinarily be added to the allocation for innovative research and technology incubation.

5. Technology Transfer income initially received by USUHS shall be deposited into technology transfer (T2) cost centers established by the Director, Financial and Manpower Management, and corresponding to the FY in which the income is received. Inventors' shares required by statute shall be paid directly from the T2 cost center controlled by the Office of

General Counsel. Individual department and/or institute T2 cost centers will be established as necessary.

Technology Transfer IOC Membership and Terms.

1. Membership - The Technology Transfer IOC shall consist of the:
 - (a) Executive Vice President (Chair);
 - (b) Vice President for Resource Management;
 - (c) Vice President for Research;
 - (d) Two Department Chairs; and the
 - (e) Intellectual Property Advisor.
2. Terms - Department Chairs shall ordinarily serve for a period of two years, with replacement in alternate years if possible.

Responsibilities.

1. The Technology Transfer IOC shall:
 - (a) Review the annual Technology Transfer Business Plan before it is presented to the President, USUHS, for approval;
 - (b) Solicit proposals for use of technology transfer income from the University community, particularly from departments, laboratories, and researchers whose contributions are responsible for specific technology transfer income and/or are identified in underlying CRADAs and other documents and develop proposals internally as appropriate;
 - (c) Establish priorities for use of technology transfer income and, consistent with the annual Technology Transfer Business Plan and actual availability of funds, recommend commitment/obligation of technology transfer income to the Chair of the Technology Transfer IOC;
 - (d) Monitor use of obligated income by requiring and reviewing in-progress/completion reports from appropriate PIs/Department Chairs/Endowment Fund Managers etc.; and
 - (e) Recommend changes to this PPM as appropriate.
2. The Executive Vice President, shall ensure the Technology Transfer IOC accomplishes the responsibilities outlined in paragraph 1 above in accordance with the procedures set forth in *Enclosure 4*.
3. The Vice President for Resource Management shall, in coordination with the Vice President for Research, USUHS Intellectual Property Advisor, and USUHS General Counsel, develop an annual Technology Transfer Business Plan as required by DoD Instruction 5535.8, paragraph 6.3 (reference a).
4. The Vice President for Research shall assist the Executive Vice President, and the Vice President for Resource Management in accomplishing the responsibilities outlined in subparagraphs 2 and 3 above and shall oversee use of remaining technology transfer income allocated for innovative research and technology incubation.

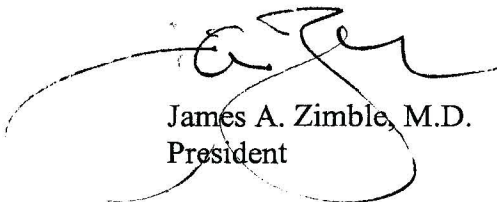
5. The Director, Review and Evaluation, shall include oversight of technology transfer income as a special item of interest in preparation of the annual USUHS Statement of Assurance.

6. The USUHS General Counsel shall provide a legal review of Technology Transfer IOC recommendations prior to submission to the President and, together with the USUHS Intellectual Property Advisor, coordinate with HMJF and the Joint (USUHS and HMJF) Office of Technology Transfer (JOTT) to ensure that periodic reports and other information required by the Technology Transfer IOC and USUHS are forthcoming;

7. The USUHS Intellectual Property Advisor shall assist the Vice President for Resource Management and the USUHS General Counsel in accomplishing the responsibilities outlined in subparagraphs 3 and 6 above.

Procedures. *See Enclosure 4.*

Effective Date. This PPM shall be effective prospectively from date of signature but shall also apply retrospectively to all previously received, unobligated and nonexpended technology transfer income.



James A. Zimble, M.D.
President

Enclosures:

1. References
2. Definitions
3. Fiscal Constraints
4. Procedures

REFERENCES

- (a) DoD Instruction 5535.8, "DoD Technology Transfer (T2) Program," May 14, 1999
- (b) DoD Directive 5535.3, "Department of Defense Technology Transfer (T2) Program, " May 21, 1999
- (c) Subagreement on Technology and Patents, June 15, 1994, to the Operating Agreement between the Henry M. Jackson Foundation for the Advancement of Military Medicine and the Uniformed Services University of the Health Sciences, August 29, 1991
- (d) Standard Operating Procedures for the Joint USUHS-Foundation Technology Transfer Program, October 6, 2003

DEFINITIONS

1. Technology Transfer Income. All income, including royalties and other payments, generated through the efforts of the USUHS as a DoD laboratory to transfer technology (patents, scientific know-how, other intellectual property, expertise etc.) developed by USUHS inventors acting independently or in collaboration with other DoD/federal/state/private laboratories to the commercial sector through licensing, contract or any other mechanism.
2. Technology Transfer Business Plan. Plan addressing technology transfer program responsibilities for the current year, to include a review of past technology transfer activities, identification of activities for the year ahead, and a description of efforts to make improvements in the technology transfer program. Required by DoD Directive 5535.3, paragraphs 5.2.1 through 5.2.14,

FISCAL CONSTRAINTS

1. The federal statute and DoD instruction which authorize USUHS to have a technology transfer program and engage in income generating technology transfer activities require that any technology transfer income not used or obligated during the fiscal year in which it is received or during the two (2) succeeding fiscal years be paid into the Treasury of the United States.
2. Allocation of technology transfer income and subsequent disbursement of the specified amount to a Department cost center or special project fund will not by itself amount to use or obligation of funds. Accordingly, it may become necessary to reallocate technology transfer income in order to ensure every opportunity for its use or obligation for permissible purpose(s) before the end of the pertinent fiscal year.
3. Allocation of technology transfer income to a properly established USUHS-controlled endowment account for permissible purpose(s) and subsequent disbursement of the specified amount to HMJF or some other endowment account manager will constitute an obligation of funds.

PROCEDURES

1. Officers: The Executive Vice President shall serve as Chair. Another voting member may be designated by the EVP to serve as Acting Chair in the EVP's absence.
2. Meetings:
 - (a) The Technology Transfer IOC shall meet at the call of the Chair:
 - (1) In the first quarter of each fiscal year to review technology transfer activities from the previous fiscal year and to develop a prioritized list of commitments based on estimated uncommitted technology transfer income;
 - (2) Midway through each fiscal year to consider commitments/obligations based on income actually received;
 - (3) In the last quarter of each fiscal year to assess whether technology transfer income which might otherwise expire can be obligated/used for unfinanced requirements or placed in appropriate endowment accounts; and
 - (4) At other times as necessary.
 - (b) Three voting members of the Technology Transfer IOC constitutes a quorum.
3. Interim Decision-Making: At the discretion of the Chair, routine proposals for commitment/obligation of technology transfer income may be circulated for review and concurrence (or non-concurrence with comment) without requirement for a formal meeting.
4. Requests for use of technology transfer income should be submitted to the USUHS Intellectual Property Advisor, using the attached worksheet, or similar documentation developed by the Technology Transfer IOC, as a cover sheet.
5. Minutes of the Technology Transfer IOC shall be distributed to all its members, all chairs of Departments and Directors of Interdisciplinary Programs, the President of the Faculty Senate, and the President, USUHS.

**Worksheet for Evaluation of Proposal to Use Technology Transfer Generated Income
Received on Behalf of USUHS**

Summary of Proposal (Additional information on attached sheets):

Estimate of Total Income Required:

Appropriated Income/support available? Y/N How much?

Grant/special project/other Income available? Y/N How much?

Total Amount Necessary:

Other Approvals Required (e.g. Contract, IRB, REA etc.):

Signature/date - Proposer

Signature/date -Endorser (e.g., Dept Chair)

Consistent with polic(ies) contained in Instuction? Y/N

Priority Purpose? Y/N How so?

Permissible use of technology transfer generated income? Y/N Explain:

Income available? Y/N Source:

Recommend approval/disapproval/deferment. Priority: 1/2/3/4/5/6 Minority opinion att.? Y/N

Signature/date - Technology Transfer IOC Chair

Signature/date – Vice President
Resource Management

Concur/Nonconcur

Concur/Nonconcur

Signature/date - General Counsel

Signature/date – Vice President, Research

____ Recommendation approved. Obligate Income from:

____ Other:

Signature/date - President, USUHS